

December 12, 2025

Tanna Agro Impex Private Limited: Ratings reaffirmed

Summary of rating action

| Instrument* | Previous rated amount (Rs. crore) | Current rated amount (Rs. crore) | Rating action |
|----------------------------|--------------------------------------|-------------------------------------|---|
| Working Capital Facilities | 600.00 | 600.00 | [ICRA]A-(Stable) / [ICRA]A2+; reaffirmed |
| Total | 600.00 | 600.00 | |

*Instrument details are provided in Annexure I

Rationale

The ratings reaffirmation factors in Tanna Agro Impex Private Limited's (TAIPL's) sustained healthy operating profit, supported by its rice milling facility and contractual supply agreement with Kuwait Supply Company (KSC) at an attractive rate, which is expected to sustain, going forward. The ratings also consider the long experience of the promoters in the basmati rice milling and export business and the capability of the company in securing export orders for basmati rice from its key customer, which is a sovereign-owned enterprise of the Government of Kuwait, consistently for more than 25 years. The counterparty credit risk also remains low for the company as the ultimate key customer is a state-owned enterprise. ICRA notes that TAIPL has been able to consistently maintain a 60-70% market share in the export of basmati rice to Kuwait from India, which reflects its strong reach in its addressable market. The ratings also derive strength from TAIPL's conservative capital structure and comfortable debt coverage indicators, as reflected by an interest coverage of 4.6 times in FY2025, though the same moderated from 6.9 times in FY2024. ICRA expects TAIPL's interest cover to rise to nearly 5.0 times in FY2026 and improve gradually thereafter, supported by TAIPL's healthy operating profit. Although receivables remain low due to timely receipt of payments from its key customer in the export market, high level of stocking led to an increase in the working capital borrowings during the year, which in turn resulted in a rise in the finance cost in FY2025, which had a bearing on the interest coverage ratio. ICRA expects the working capital intensity to improve to an extent in the current fiscal.

The ratings are, however, constrained by the high customer concentration and contract renewal risks, as 80-90% of its revenue is derived from a single customer over the years, where contracts are negotiated annually. Any incident leading to termination or non-renewal of the contract with this customer would significantly affect the company's business risk profile. The ratings are further constrained by the high working capital intensity of operations, driven by the necessity to maintain a large inventory of rice and paddy because of their seasonal availability. ICRA also notes that seasonal procurement of paddy exposes the company to the risk of weaker margins in case of lower-than-expected realisation of rice in the subsequent season. Further, ICRA notes the intense competition in the basmati rice market, given the fragmented industry structure and limited value addition, which limit the pricing flexibility of TAIPL. Further, the company's credit profile remains exposed to agro-climatic risks associated with the availability of paddy, which periodically lead to a deficit due to lower crop output. Besides, any adverse regulatory changes and/or trade policy changes that impact the export of basmati rice to Kuwait may adversely impact the business risk profile of TAIPL.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will continue to benefit from its established relationship as an exporter of basmati rice to Kuwait Supply Company, enabling TAIPL to maintain healthy operating and financial performances, going forward.

Key rating drivers and their description

Credit Strengths

Long track record of promoters in the basmati rice industry – TAIPL has an operational track record of over three decades in the basmati rice industry. Moreover, the promoters have several decades of experience in this industry, which gradually helped the company to grow its business profitably.

Demonstrated ability of supplying basmati rice to its main customer for more than two decades – Export of basmati rice has been contributing 80-90% to the company's revenue over the years. The company has a demonstrated track record of supplying basmati rice to its key export customer, Kuwait Supply Company, which is a sovereign-owned enterprise of the Government of Kuwait. Since April 2025, TAIPL sells rice to Tanna Agro Exports FZCO (TAEFZCO), owned by the promoter of TAIPL, which in turn sells to Kuwait Supply Company.

Track record of timely payments from key customer in the export market – The counterparty credit risk is low for the company, given the key customer's (a state-owned enterprise) track record of timely payments till date. This is reflected by the company's debtor days remaining at a low level of 5-30 during the previous fiscals. ICRA expects the company's receivable days to continue to remain low, going forward.

Financial risk profile characterised by healthy operating margin, a conservative capital structure and comfortable debt coverage indicators – TAIPL has been able to maintain a healthy operating profit margin (OPM) over the past years with some intermittent fluctuations. Although the company's OPM moderated to 8.3% in H1 FY2026 from 9.9% in FY2025, ICRA expects the same to remain around 9% in the current fiscal and going forward. Historically, the company's capital structure had remained conservative. Although elevated level of inventory during the year end led to an increase in the working capital borrowings, which had a bearing on the company's capital structure and pushed up the gearing (Total Debt/ Tangible Net Worth) to 0.9 times as on March 31, 2025, from 0.6 times as on March 31, 2024, it still remained at a conservative level. ICRA expects the capital structure to improve gradually, going forward. The debt coverage indicators also remain at a comfortable level, as reflected by an interest coverage of 4.6 times in FY2025, though the same moderated from 6.9 times in FY2024. ICRA expects the company's interest cover to rise to nearly 5.0 times in FY2026 and improve gradually thereafter, supported by TAIPL's healthy operating profit and reduction in debt level with the normalisation in inventory holding.

Credit challenges

Exposed to high customer concentration risk and adverse changes in trade policies – The company's customer concentration remains high as a single export customer has been accounting for 80-90% of the total revenues over the last many years. ICRA, however, notes that the risk is mitigated to an extent by the company's long relationship with this customer, which is substantiated by its demonstrated track record of annual contract renewals and timely receipt of payments. Moreover, the risk of contract termination is mitigated to an extent as the customer is a Government-owned entity, which is procuring basmati rice for public distribution as a staple food item, and TAIPL (via TAEFZCO from April 2025) has been its sole supplier for the last eight years. However, given the large dependence on exports to a single country, TAIPL remains exposed to regulatory risks associated with any adverse change in trade policies between India and Kuwait and/or any general restriction on the basmati rice exports from India.

High working capital intensity of operations – The company's working capital intensity is high, primarily due to elevated inventory level, given the seasonal availability of the basmati paddy and rice. Besides, a major portion of the company's procurement occurs during the paddy harvesting months (October-December) owing to comparatively lower procurement prices and availability of better-quality paddy for delivery in the upcoming contract period. This has helped the company meet the quality requirements for the export customer and avoid quality slippage discounts for the last several years, which supported its profit margins. ICRA, however, notes that the seasonal procurement of paddy in bulk for meeting the delivery schedule for the next 12 months exposes the company to the risk of subdued profit margins in case of weaker-than-anticipated realisations of rice in the subsequent season.

Exposed to intense competition – The basmati rice industry is highly fragmented and is marked by the presence of numerous players. This intensifies competition and limits the pricing flexibility of industry participants, limiting the scope for material improvement in profit margins.

Exposure to agro-climatic risks – TAIPL is exposed to agro-climatic risks in the key basmati rice paddy-producing regions, which could impact availability and quality of basmati paddy and rice. This may lead to volatility in TAIPL’s earnings during periods of large gaps between demand and supply.

Liquidity position: Adequate

The liquidity of the entity remains Adequate. The cash flow from operations has turned negative in FY2025, primarily driven by a significant increase in the working capital requirement resulting from increased inventory levels. Nevertheless, ICRA expects the cash flow from operations to turn positive in the current fiscal with the likely decline in the working capital intensity of operations after the normalisation of inventory holding. The average working capital utilisation over the last 12 months ending in September 2025 stood at around 70%, which provides liquidity buffer. Additionally, the company does not have any long-term debt repayment obligation, which provides some comfort to the liquidity. The company’s cash and liquid investment stood at Rs. 47 crore as on March 31, 2025, providing liquidity comfort.

Rating sensitivities

Positive factors – The ratings could be upgraded if the company can diversify its customer base. Additionally, the company’s ability to demonstrate a healthy growth in its revenues and profitability, along with an improvement in its liquidity position, could also lead to ratings upgrade.

Negative factors – The ratings could be downgraded if there is continued pressure on sales volumes or realisations or a sharp increase in procurement costs, resulting in a considerable decline in profitability. Also, an elongation of the working capital cycle, adversely impacting the liquidity position, could exert pressure on the ratings. Specific metrics that could result in ratings downgrade include an interest coverage of less than 5.0 times on a sustained basis.

Analytical approach

| Analytical approach | Comments |
|---------------------------------|--|
| Applicable rating methodologies | Corporate Credit Rating Methodology Rating Methodology for Rice Mills |
| Parent/Group support | Not applicable |
| Consolidation/Standalone | Standalone financial statement of the issuer |

About the company

Tanna Agro Impex Private Limited (TAIPL) is a trading house and was incorporated by Mr. Kalyanji Tanna and his son, Mr. Dipak Tanna, in FY1994 for exporting agricultural commodities, particularly basmati rice. The company procures paddy from the open market, which is processed in its rice mill at Gharaunda, Haryana, with a processing capacity of 450 TPD. The company primarily exports full-grain basmati rice to Kuwait and sells broken rice in the domestic market.

Key financial indicators (audited)

| Tanna Agro Impex Private Limited | FY2024 | FY2025 | H1 FY2026* |
|--|--------|--------|------------|
| Operating income | 1112.6 | 1140.2 | 778.9 |
| PAT | 64.0 | 67.3 | 35.8 |
| OPBDIT/OI | 8.9% | 9.9% | 8.3% |
| PAT/OI | 5.8% | 5.9% | 4.6% |
| Total outside liabilities/Tangible net worth (times) | 0.6 | 0.9 | 0.2 |
| Total debt/OPBDIT (times) | 3.5 | 4.8 | 0.9 |
| Interest coverage (times) | 6.9 | 4.6 | 4.1 |

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *provisional numbers

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

| Instrument | Type | Current ratings (FY2026) | | Chronology of rating history for the past 3 years | | | |
|------------------------------|------------------------|--------------------------|----------------------------|---|----------------------------|----------------------------|---------------------------------|
| | | Amount rated (Rs. crore) | Date & rating in FY2026 | | Date & rating in FY2025 | Date & rating in FY2024 | Date & rating in FY2023 |
| | | | Dec 12, 2025 | Aug 08, 2025 | Jan 28, 2025 | Nov 24, 2023 | Jan 23, 2023 |
| 1 Working Capital Facilities | Long-term / Short-term | 600.0 | [ICRA]A-(Stable)/[ICRA]A2+ | [ICRA]A-(Stable)/[ICRA]A2+ | [ICRA]A-(Stable)/[ICRA]A2+ | [ICRA]A-(Stable)/[ICRA]A2+ | [ICRA]BBB+(Positive) / [ICRA]A2 |

Complexity level of the rated instruments

| Instrument | Complexity indicator |
|----------------------------|----------------------|
| Working Capital Facilities | Simple |

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

| ISIN | Instrument Name | Date of Issuance | Coupon Rate | Maturity | Amount Rated (Rs. crore) | Current Rating and Outlook |
|------|--|------------------|-------------|----------|--------------------------|-----------------------------|
| NA | Working Capital Facilities – EPC, WCDL | NA | NA | NA | 600.00 | [ICRA]A-(Stable) /[ICRA]A2+ |

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Annexure II: List of entities considered for consolidated analysis – Not applicable

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Branches



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